

Procedure for Processing
Non-Competitive Bid Contracts
(Explanation of Flow Chart Which Is Attached)

The process for a local agency to perform construction work by a non-competitive bid contract follows the federal aid process outlined in Title 23 part 112 and 23 CFR part 635.

Step 1 - Local Municipality

The proposed work is identified as a project with defined limits and scope of work along with funding source(s) as approved for eligibility and programmed by the Michigan Department of Transportation (MDOT). The proposed project must be included in an approved State Transportation Improvement Plan (STIP) and must have obtained the required environmental clearances prior to obligation.

Step 2 - Local Municipality

The Local Agency determines that the non-competitive bid contract is the most cost effective means for constructing the proposed work and submits a request to Local Agency Programs Section (LAP) of MDOT. The request includes:

- Description of the Project
- Type of Work to be Performed
- Estimated Total Project Construction Cost if the project were to be bid.
- Estimated Cost if the project is to be done by their own forces.
- Estimated Participation of Federal, State Funds, or Local Funds
- Reasons that demonstrate employing the non-competitive bid contract method is considered cost effective, including: costs, timeliness, and quality.
(See Construction By Non-Competitive Bid Contract)
(Not necessary for < \$100,000 and < 6% of bid estimate.)

Step 3 - MDOT Local Agency Programs

LAP reviews the application for completeness and justification to use the Non-Competitive Bid Contract process. Incomplete requests will be returned to the Local Agency. Justifications that are rejected a second time must be competitively bid.

Local Agency Programs responds within twenty-one (21) calendar days, approving or denying the request.

Request for Projects Greater than \$100,000

LAP determines whether the project meets the “Special Projects” criteria. Projects not meeting the criteria will be rejected. Minor Utility and Railroad projects to be performed by the utility or railroad shall not be subject to these provisions according to Title 23, Part 112, and CFR 635.205(b).

Projects meeting the “Special Projects” criteria must be sent to FHWA for concurrence. Upon concurrence notice is sent to the Transportation Commission and Appropriations Committee of the House and Senate for a 90 day notice as required under the provisions {247.661c, Section 11c} of Act 51 of the Public Acts of 1951, as amended. The eligible project award date is established by the 90 day notice time frame. The local agency shall not commence construction activities on the eligible project until the 90 day time frame is completed and there are no public concerns.

The Local Agency may request a 90 day notice be submitted for a project which will be competitively bid to expedite the force account authorization in the event that all bids are rejected or no bids are received. LAP must concur the project meets the eligibility criteria. (excepting the \$100,000 dollar limit)

Step 4 - MDOT Local Agency Programs

LAP posts approved non-competitive bid projects on the website at www.michigan.gov/mdot on the same web page as the other pertinent design information. From the home page link on Bureaus & Division. Next link on Highways-Design. Lastly, link on Resources and select Non-Competitive Bid Projects.

Step 5 - Local Municipality

The Local Agency sends the program application and project information to LAP/MDOT. This will include plans, specifications, estimates, and funding information.

Step 6 - MDOT Local Agency Programs

LAP reviews the program application and project information for completeness. If the program application and/or project information is unacceptable it will be returned to the Local Agency for revisions.

Step 7 - MDOT Local Agency Programs

LAP compares the local agency's estimate to perform the work to average unit prices generated from historical bid data. Local Agency's estimate must be a minimum **six(6)** percent less than the engineer's estimate developed by the Local Agency using competitive bid contracts average unit prices and/or labor, materials, and equipment costs, as a means to confirm cost effectiveness. LAP will verify that the unit prices are reasonable for the work being performed.

Step 8 - MDOT Local Agency Programs

An in-office review of the project plans is conducted by LAP. If warranted, questions or suggestions regarding the design is provided in writing to the local agency and MDOT Resident Engineer.

Step 9 - MDOT Local Agency Programs

LAP provides cost effective concurrence of the proposed work to the local agency. If LAP is not satisfied with the information received, the Local Agency will be required to resubmit additional information.

Step 10 - MDOT Local Agency Programs

LAP substantiates environmental clearances and right-of-way clearance is obtained.

Step 11 - MDOT Local Agency Programs

LAP requests obligation of funds from FHWA and initiates the MDOT/Local Agency agreement for the project.

Step 12- MDOT Local Agency Programs

LAP issues a written Authorization for Force Account Work after the following conditions have been met:

- Federal obligation approval has been issued.
- The effective date for the start of work will be written in the Authorization for Force Account Work.(This date must be beyond the 90 day review if approved for over \$100,000.)
- The MDOT/Local Agency agreement must be executed before reimbursement will be disbursed. Working prior to execution of the agreement is at the Local Agencies own risk.

Step 13 - Local Municipality

The Local Agency performs construction activities and sends reimbursement requests using the 802P form, either hard copy or electronically, along with attachments verifying costs to LAP. Construction oversight should be used to verify “as-constructed” material usage match those which are shown in the construction documents.

Step 14 - MDOT Local Agency Programs

LAP reviews the 802P submittals, signs, and forwards to the Financial Operation Division for processing payment to the local agency. Local agencies shall complete the work within the specified time frame and submit a “final” billing to LAP within two months of completing the work.

AMENDMENTS

Time Extensions

Step 1 - Local Municipality

If additional time is needed to complete the project, the Local Agency submits a written request with justification for the additional time needed.

Step 2 - MDOT Local Agency Programs

If approved, LAP will send a written amended authorization to proceed with a modified completion date for the project.

Cost Increases

Step 1 - Local Municipality

If additional cost is needed to complete the project, the Local Agency submits a written request with justification of the cost increase.

Step 2 - MDOT Local Agency Programs

LAP reviews the request and determines merit for cost increase.

If the cumulative amount exceeds the \$100,000 limit, then FHWA concurrence is required. Also, if the cost increase raised the project cost to above \$100,000 it must be submitted for the 90 day review process to the Transportation Commission and the State Legislature. No reimbursement will be made in excess of the authorized amount until the 90 day review process is completed and the approvals have been obtained.

Step 3 - MDOT Local Agency Programs

If the cost increase is approved, an amendment will be processed to the Local Agency Project Agreement for the additional cost and a revised written Authorization To Proceed will be issued which includes the increased approved costs.